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MAY 31 - JUNE 4: THIS WEEK

The House and Senate are in recess the week of May 31, for the Memorial Day work period. The Senate will resume legislative business on Monday, June 7, and the House reconvenes on Tuesday, June 8.

Budget/Appropriations

On Thursday, May 27, the Senate passed **H.R. 4899, the Disaster/War Supplemental Appropriations Act**, by a vote of 67-28. The bill provides a total of \$58.8 billion in supplemental funding for the wars in Iraq and Afghanistan, plus aid to FEMA for past disasters including Hurricanes Katrina and Rita, Midwest floods, California wildfires, and the current oil spill in the Gulf of Mexico. The **House Appropriations Committee** has postponed action on the bill until after the Memorial Day recess.

Banking/Financial Services

On Tuesday, May 25, Senate leaders named the seven Democrats and five Republicans who will serve on the conference committee on financial regulatory reform overhaul legislation. Senate conferees include: **Banking Committee Chairman Chris Dodd (D-Conn.)**, and **Ranking Member Richard Shelby (R-Ala.)**, **Jack Reed (D-R.I.)**, **Tom Harkin (D-Iowa)**, **Blanche Lincoln (D-Ark.)**, **Tim Johnson (D-S.D.)**, **Charles Schumer (D-N.Y.)**, **Patrick Leahy (D-Vt.)**, **Judd Gregg (R-N.H.)**, **Saxby Chambliss (R-Ga.)**, **Bob Corker (R-Tenn.)** and **Michael Crapo (R-Idaho)**. House conferees are not expected to be announced by **Speaker Nancy Pelosi (D-Calif.)** until after the Memorial Day recess.

Defense

On Friday, May 28, the House passed **H.R. 5136, the Fiscal 2011 Defense Authorization**, by a vote of 229-186. The bill, which authorizes \$725.9 billion for defense programs in FY 2011 and \$33.7 billion in FY 2010 funding for the additional forces in Afghanistan, also included an amendment that repeals the military's "don't ask, don't tell" policy. The bill also contained two provisions which have prompted White House veto threats in the past. The bill authorizes \$485 million for continued development of the F-35 alternative engine manufactured by General Electric; also, the legislation reduces overall funding for the F-35 program.

On Thursday, May 27, the **Senate Armed Services Committee** also approved the same amendment repealing "don't ask, don't tell" during their mark up of the legislation. Although the Department of Defense had officially requested that Congress not act on repeal of this law until after the DOD had completed an ongoing study of the issue, both **Defense Secretary Robert Gates** and **Admiral Mike Mullen**, Chairman of the Joint Chiefs, have indicated that they accept and support the legislation. Additionally, the Senate version of the bill fully funds the F-35 program in line with White House requests.

Energy/Environment/Climate Change

In response to a request from **Rep. Ed Markey (D-Mass.)**, Chairman of the **Select Committee on Energy Independence and Global Warming**, BP pledged \$500 million toward a research fund to aid scientific assessment of the oil spill in the Gulf of Mexico. The proposed fund would provide assistance to independent scientists who are working to find a solution to halt the flow of oil and assess the environmental damage resulting from the spill.

Energy/Environment/Climate Change (cont'd.)

Interior Secretary Ken Salazar testified before the **House Natural Resources Committee** on Wednesday, May 26. Specifically, lawmakers questioned Salazar regarding a recent report from the department's Inspector General describing gifts that Minerals Management Service inspectors in Louisiana accepted from the oil and gas industry. Salazar has previously announced plans to split the agency into three separate bureaus with different functions. Under the plan, regulation of offshore energy development, safety enforcement, and revenue collection would be housed under different branches.

Health Care

Senate Health, Education, Labor and Pensions Committee Chairman Tom Harkin (D-Iowa) wrote to **Food & Drug Administration Administrator Margaret Hamburg** the week of May 24, requesting information on the agency's investigation into problems at a unit of Johnson & Johnson which led to a recall of over 40 children's over-the-counter medicines. The FDA recalled the products after an inspection in late April of McNeil Consumer Healthcare's facility in Fort Washington, Pennsylvania revealed inadequate testing of products, employee training, and equipment maintenance. The request from Harkin, as well as a similar request from **House Agriculture and FDA Appropriations Subcommittee Chairwoman Rosa DeLauro (D-Conn.)** earlier this month, cited previous "disturbing events" involving McNeil products since 2009. Harkin and DeLauro both want to know if the FDA should have asked for a recall earlier and whether the FDA has sufficient authority to address potentially criminal behavior by McNeil and similar corporations.

Immigration

On Tuesday, May 25, President Obama announced plans to send 1200 National Guard troops to the Mexican border and to request \$500 million in supplemental funds for enhanced border security measures. The plan received criticism from both Democrats and Republicans on Capitol Hill. **Sen. John McCain (R-Ariz.)**, who introduced an amendment to the FY 2010 supplemental bill that would send 6,000 troops to the border, said the President's proposal is inadequate. Additionally, **Sen. Robert Menendez (D-N.J.)** said that border enforcement alone is not the answer to immigration problems.

Insurance

HR 2555, the Homeowners Defense Act of 2009, establishes the National Catastrophe Risk Consortium, directs the Secretary of the Treasury to make contracts for reinsurance coverage available for purchase by eligible state programs and establishes a Federal Natural Catastrophe Reinsurance Fund in the Treasury. HR 2555 was approved by the **House Financial Services Committee** last month and is expected to be taken up by the House when it returns from the Memorial Day recess. Most of the insurance industry has voiced strong opposition to the legislation (derisively labeled the "Beach House Bailout"). Nine environmental groups (including Audubon, Sierra Club and the National Resources Defense Council) have written to House members to voice their concerns that the bill would encourage further development in environmentally-sensitive areas. The groups assert that a strategic commitment to encourage mitigation would do the most to safeguard people, protect property, reduce insurance rates and protect the environment.

Science

On Thursday, May 27, **Senate Commerce Chairman Jay Rockefeller (D-West Va.)** and **Ranking Member Kay Bailey Hutchison (R-Texas)** sent a letter to NASA's Inspector General requesting an investigation into the circumstances surrounding the reassignment of the official in charge of the Constellation program. Earlier this year, President Obama proposed ending the program in his FY 2011 budget request, and the Senators expressed concern that the reassignment of Constellation program manager Jeff Hanley could be a sign that the administration is moving unilaterally to end the program despite statutory prohibitions. NASA Administrator Charles Bolden testified before the **House Science and Technology Committee** the week of May 24, and voiced his opposition to continuing the program but denied that any such unilateral moves were being made.

Tax

After extensive negotiations, the House passed tax extender legislation on Friday, May 28. The original package, **H.R. 4213, the American Jobs and Closing Tax Loopholes Act of 2010**, had to be split into two separate votes because some fiscally conservative and freshmen Democrats joined with Republicans in opposing a measure that would increase the federal deficit. The vote for most of the tax and benefit extensions passed 215-204, while the vote to prevent a 21 percent cut in Medicare payments to doctors (the "doc fix") passed 245-171. However, the Senate adjourned before the bill was passed and most of the programs will expire during the recess. The bill is partially offset under pay-as-you-go principles, by provisions such as a change in the tax treatment of the "carried interest" earned by real estate investors, venture capitalists and private equity managers and new limits placed on companies' ability to use foreign tax credits. The "doc fix" and extension of unemployment benefits are exempt from the pay-as-you-go rules. Overall, the Congressional Budget Office estimates the bill will add \$54.2 billion to the deficit.

Offices

Atlanta
Austin
Chicago
Dallas
Houston
London
Los Angeles
New Orleans
New York
Sacramento
San Francisco
Washington, DC

Insurance (cont'd.)

The Senate recessed last week without acting on legislation that would extend the National Flood Insurance Program ("NFIP"). The NFIP's authorization expired on May 31. The NFIP Reauthorization Guidance issued by FEMA on May 28, states that the Program will experience a hiatus – a period without authority to: issue new policies for which application and premium payment dates are on or after June 1,

2010, or issue increased coverage on existing policies for which endorsement and premium payment dates are on or after June 1, 2010, or issue renewal policies for which the renewal premium is received by the company on or after June 1, 2010, and after the end of the 30-day renewal grace period, until Congress reauthorizes the Program.

Telecommunications

On Monday, May 24, key Democrats in both the House and Senate announced a plan to begin rewriting the 1934 Communications Act, which has not been significantly modified since 1996. The plan, which was announced by **Senate Commerce Chairman Jay Rockefeller (D-West Va.)**, **Senate Commerce Communications Subcommittee Chairman John Kerry (D-Mass.)**, **House Energy and Commerce Chairman Henry Waxman (D-Calif.)**, and

House Energy and Commerce Communications Subcommittee Chairman Rick Boucher (D-Va.), could take several years to complete but will start this year with legislation to enact privacy rights for internet users.

Transportation and Infrastructure

On Wednesday, May 26, the **House Energy and Commerce Committee** approved **HR 5381, the Motor Vehicle Safety Act of 2010**, by a vote of 31-21. The bill included a compromise between Chairman Henry Waxman and **Rep. John Dingell (D-Mich.)** on a provision giving the National Highway Traffic Safety Administration "imminent hazard" authority to remove vehicles from the market. Dingell had argued on the side of automakers that earlier language did not give manufacturers a way to appeal decisions by the NHTSA. The new provision included an appeals process. The bill also increased fines on automakers for safety violations from \$5,000 per vehicle to \$25,000 and set a cap at \$15 million per incident.

On Wednesday, May 26, **House Judiciary Chairman John Conyers (D-Mich.)** said that Continental Airlines and United Airlines have yet to provide enough answers regarding their proposed merger. Specifically Conyers and other lawmakers are concerned about layoffs in the Houston area where Continental is based. The committee will hold a hearing on the merger on June 16.